

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name VILLAGE OF MILLERSBURG	County PRESQUE ISLE
Fiscal Year End MARCH 31, 2006	Opinion Date JUNE 30, 2006	Date Audit Report Submitted to State JULY 14, 2006	

We affirm that:

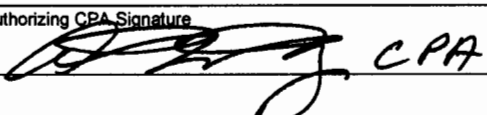
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- Check each applicable box below.** (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 - ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - ☒ ☐ The local unit has adopted a budget for all required funds.
 - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
 - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
 - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 - ☐ ☒ The local unit is free of repeated comments from previous years.
 - ☒ ☐ The audit opinion is UNQUALIFIED.
 - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
 - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) MIDWEST PROFESSIONALS, PLLC		Telephone Number 989-732-1156		
Street Address 215 SOUTH COURT AVE		City GAYLORD	State MI	Zip 49735
Authorizing CPA Signature  CPA		Printed Name ANTHONY W. HENNING, CPA		License Number 1101025885

VILLAGE OF MILLERSBURG
Annual Financial Statements
For the Fiscal Year Ended March 31, 2006

Village of Millersburg

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Midwest Professionals, P.L.L.C.

Certified Public Accountants

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989-732-1156 Fax 989-731-2541

INDEPENDENT AUDITORS' REPORT

To the Village Council of
The Village of Millersburg
Millersburg, Michigan

We have audited the accompanying financial statements of the governmental activities and the business-type activities of the Village of Millersburg as of and for the years ending March 31, 2006, as listed in the table of contents. These financial statements are the responsibility of the Village of Millersburg's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the Village of Millersburg, as of March 31, 2006, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated, June 30, 2006 on our consideration of Village of Millersburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

*Member of American Institute of Certified Public Accountants
Member of Michigan Association of Certified Public Accountants*

To the Village Council of
The Village of Millersburg
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The management's discussion and analysis, on pages 3 through 13 and the budgetary comparison information on pages 39 through 42, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Midwest Professionals, PLLC

Midwest Professionals, P.L.L.C.

Gaylord, Michigan

June 30, 2006

VILLAGE OF MILLERSBURG

Management Discussion and Analysis

This section of The Village of Millersburg's annual financial report presents our discussion and analysis of The Village's financial performance during the fiscal year that ended on March 31, 2006. Please read it in conjunction with The Village's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The total cost of basic programs, excluding capital outlay and debt payments was \$164,595
- Revenues were at \$123,290 while expenses, capital outlay and debt payments were \$172,384
- The Village is paying on a lease with Ford Motor Company for a plow truck that is being rented by the Major and Local Street funds.
- The Village reduced its outstanding long-term debt by \$15,364.
- The Village has a positive fund balance in the General Fund of \$38,230
- The Village has positive fund balances in the Major and Local Street funds of \$500 and \$35,436 respectively.
- The Water fund has a positive net asset balance of \$446,999.

OVERVIEW OF THE FINANCIAL STATEMENTS

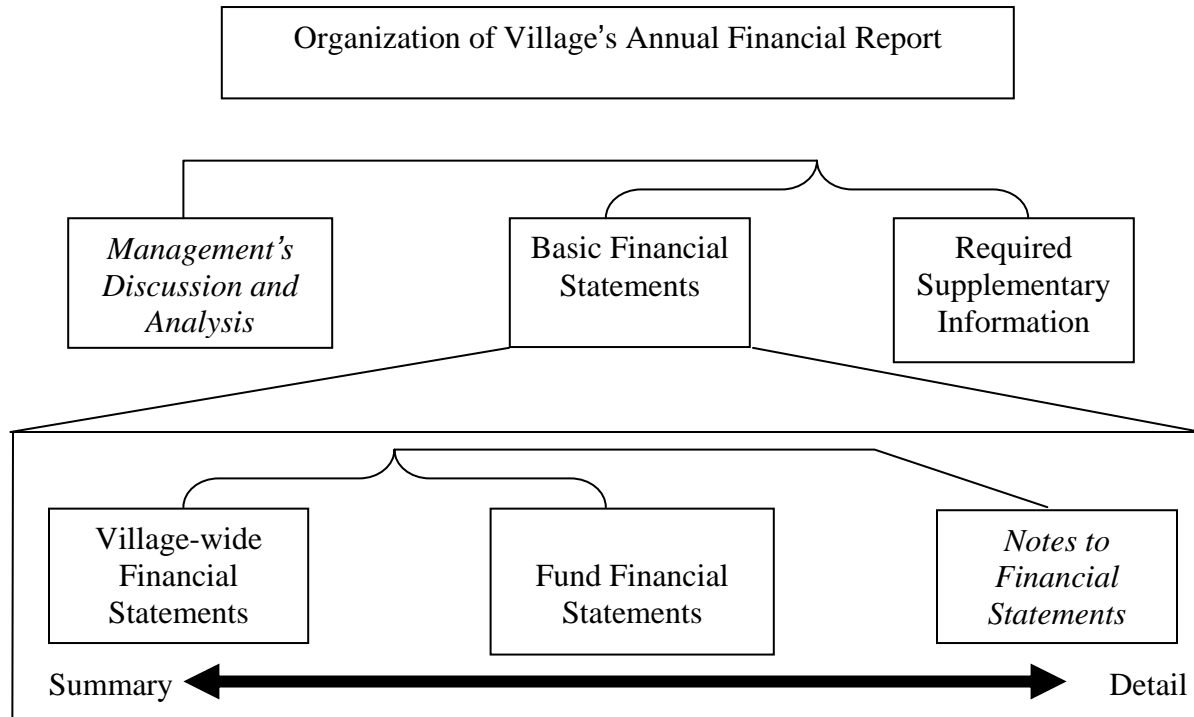
This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements which include two kinds of statements that present different views of the Village, and required supplementary information.

- The first two statements are Village-wide financial statements that provide both short-term and long-term information about The Village's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Village, reporting the Village's operations in more detail. The governmental fund statements tell how basic services such as clerk and treasurer activities, board activities, building & grounds maintenance and street light operations were financed. The financial statements also include notes that explain some of the information in the statements and provide more detailed data.
- The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of The Village's budget for the year.

VILLAGE OF MILLERSBURG

Management Discussion and Analysis

The following chart illustrates how the various parts of this annual report are arranged and related to one another.



Village-wide financial statements. The *Village-wide financial statements* are designed to provide readers with a broad overview of the Village's finances, in a manner similar to private-sector business.

The *statement of net assets* presents information on all of the Village's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The *statement of activities* presents information showing how the Village's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

VILLAGE OF MILLERSBURG

Management Discussion and Analysis

Both of the Village-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The governmental activities of the Village include general government, public works (*which includes the public works expenses for Major and Local Streets*) and community promotions. The business-type activities of the Village are for Water distribution to the community.

The Village-wide financial statements can be found on pages 14 & 15 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two of three categories normally used by governments: *governmental funds* and *proprietary funds*. The third category, *fiduciary funds*, is not currently used by the Village.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the Village-wide financial statements. However, unlike the Village-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Village-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the Village-wide financial statements. By doing so, readers may better understand the long-term impact of the Village's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, major street fund, and the local street fund. These statements can be found on pages 16 & 17 of this report.

The Village adopts an annual budget for its general fund, major street fund, and local street fund. A budgetary comparison statement has been provided for the general fund, major street fund and local street fund. These statements can be found on pages 39 – 42 of this report.

VILLAGE OF MILLERSBURG

Management Discussion and Analysis

Proprietary funds. The Village maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the Village-wide financial statements. The Village uses the enterprise fund to account for its Water Department operations.

Proprietary funds provide the same type of information as the Village-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 19 - 21 of this report. A budgetary comparison can be found on page 38 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. As was mentioned earlier, the Village does not currently have a fiduciary fund.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the Village-wide and fund financial statements. The notes to the financial statements can be found on page 22 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Village's budgets. Comparison statements are provided to show budget to actual information and related variances. The required supplementary information statements can be found starting on page 39 of this report.

VILLAGE-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$692,556 at the close of the most recent fiscal year.

By far the largest portion of the Village's net assets (82%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

VILLAGE OF MILLERSBURG

Management Discussion and Analysis

Summary of The Village's Net Assets

	Governmental Activities		Business-type Activities		Totals	
	3/31/2006	3/31/2005	3/31/2006	3/31/2005	3/31/2006	3/31/2005
Current Assets	\$ 81,256	\$ 143,498	\$ 60,003	\$ 65,407	\$ 141,259	\$ 208,905
Noncurrent Assets	220,321	221,895	566,209	586,985	786,530	808,880
Total Assets	<u>301,577</u>	<u>365,393</u>	<u>626,212</u>	<u>652,392</u>	<u>927,789</u>	<u>1,017,785</u>
Current Liabilities	16,454	29,101	15,214	12,200	31,667	41,301
Long-term Debt	39,567	49,431	164,000	173,000	203,567	222,431
Total Liabilities	<u>56,021</u>	<u>78,532</u>	<u>179,213</u>	<u>185,200</u>	<u>235,234</u>	<u>263,732</u>
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	171,390	163,600	396,209	410,985	567,599	574,585
Restricted	36,829	73,276	20,767	23,700	57,596	96,976
Unrestricted	37,337	49,984	30,023	32,507	67,360	82,491
Total Net Assets	<u>\$ 245,557</u>	<u>\$ 286,860</u>	<u>\$ 446,999</u>	<u>\$ 467,192</u>	<u>\$ 692,556</u>	<u>\$ 754,053</u>

An additional portion of the Village's net assets (13%) represents resources that are subject to external or internal restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$67,360 may be used to meet the Village's ongoing obligations to citizens and creditors.

There was a decrease of \$20,193 in unrestricted net assets reported by the business-type activity (Water Department). A portion of this decrease was due to annual depreciation expense. The remainder of the decrease was due to interest expense on long-term debt owed to the Department of Agriculture for the water system.

VILLAGE OF MILLERSBURG

Management Discussion and Analysis

Summary of The Village's Changes in Net Assets

	Governmental Activities		Business-type		Totals	
	3/31/06	3/31/05	3/31/06	3/31/05	3/31/06	3/31/05
Revenues:						
Program Revenues:						
Charges for Services	\$ 34,561	\$ 30,201	\$ 37,857	\$ 37,977	\$ 72,418	\$ 68,178
Operating Grants & Contributions	40,856	39,114	-	-	40,856	39,114
General Revenues:						
Property Taxes	22,496	21,338	-	-	22,496	21,338
State-shared Revenues	18,921	22,962	-	-	18,921	22,962
Other:						
Interest and Other	6,456	3,585	550	485	7,006	4,070
Total Program Revenues	123,290	117,200	38,407	38,462	161,697	155,662
Expenses:						
General Government	65,715	56,418	-	-	65,715	56,418
Public Works	20,698	22,965	-	-	20,698	22,965
Public Works - Highways & Streets	48,391	31,523	-	-	48,391	31,523
Community Promotions	27,305	4,879	-	-	27,305	4,879
Interest on Debt	2,486	3,767	-	-	2,486	3,767
Water Service Expenses	-	-	58,600	53,062	58,600	53,062
Total Expenses	164,595	119,553	58,600	53,062	223,195	172,615
Decrease in Net Assets	\$ (41,305)	\$ (2,354)	\$ (20,193)	\$ (14,600)	\$ (61,498)	\$ (16,954)

Governmental Activities. Governmental activities decreased the Village's net assets by \$41,305, thereby accounting for 68% of the total decrease in the net assets of the Village. Key elements of this decrease are as follows:

- Interest expenses paid on the Capital Lease Obligations for a new truck which is being rented to the Major and Local Street Funds.
- Depreciation expenses charged for amortization of the new truck and Village owned capital assets to include buildings, equipment, streets, sidewalks, and the bridge.

Business-type activities. Business-type activities decreased the Village's net assets by \$20,193 accounting for 32% of the total decrease in the Village's net assets. Key elements of this decrease are as follows:

- Interest paid on debt for the Water system infrastructure.
- Depreciation expenses charged for amortization of Water Department capital assets.

VILLAGE OF MILLERSBURG

Management Discussion and Analysis

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Village's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$74,167. Of this total balance, \$37,337 is *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of \$36,829 in the fund balance is reserved to indicate that it is not available for new spending because it has already been committed; 1) to cover \$94 in the tax collections cash account, 2) to cover community enrichment programs developed by the Village; namely the \$211 in the "Random Acts of Kindness" account and the \$430 in "Community Youth Program", 3) to cover the \$159 in the "Gertz Foundation" account, and 4) to cover the Major and Street Fund related fund balances for \$500 and \$35,436 respectively.

The general fund is the chief operating fund of the Village. At the end of the current fiscal year, unreserved fund balance of the general fund was \$37,337, while total fund balance was \$38,230. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 31.3% of total general fund expenditures, while total fund balance represents 32% of that same amount.

The fund balance of the Village's general fund decreased by \$29,988 during the current fiscal year. The key factor for this decrease is as follows:

- There was a matching outlay of \$9,799 for Elm Street work in conjunction with the Local Highway Fund.
- There was a contribution from the Gertz Foundation of \$15,000 for a new clock in the Village
- There was a decline of approximately \$4,000 in Shared Revenues from the state and an increase in expenses over the last year.

Proprietary fund. The Village's only proprietary fund provides the same type of information found in the Village-wide financial statements, but in more detail.

Unrestricted net assets of the Water Fund at the end of the year amounted to \$30,023. Other factors concerning the finances of this fund have already been addressed in the discussion of the Village's business-type activities.

VILLAGE OF MILLERSBURG

Management Discussion and Analysis

BUDGETARY HIGHLIGHTS

The Village prepared annual budgets for the year. The budget had not been modified throughout the year.

The following variances between actual results and budgeted expectations for the Village's governmental funds are of particular interest:

- The General fund showed a favorable total revenue variance of \$9,143 over budgeted amounts and an unfavorable total expenditure variance of \$40,630 over budgeted amounts for a net unfavorable variance of \$31,487.
- The Major Street fund showed an unfavorable total revenue variance of \$784 under budgeted amounts, an unfavorable total expenditure variance of \$10,206 over budgeted amounts, and a favorable total transfer variance of \$524 under budgeted amounts for a net unfavorable variance of \$10,466.
- The Local Street fund showed a favorable total revenue variance of \$818 under budgeted amounts, an unfavorable total expenditure variance of \$3742 under budgeted amounts, and an unfavorable total transfer variance of \$4,905 under the budgeted amount for a net unfavorable variance of \$8,647.

The overall result of budget variances for all governmental funds was a total net unfavorable variance of \$50,600.

The Village had also prepared a budget for the Water fund to facilitate monitoring the proprietary fund's activities. The following variances between actual results and budgeted expectations for the Village's proprietary fund are of particular interest:

- The Water fund showed a favorable revenue variance of \$3,512 over the budgeted amount, an unfavorable total expense variance of \$3,379 over budgeted amounts, and a favorable total non-operating revenue variance of \$450 over the budgeted amount for a total net favorable variance of \$583.

VILLAGE OF MILLERSBURG

Management Discussion and Analysis

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

During prior years and by the end of fiscal year ending March 31, 2006, the Village has invested \$786,530 in capital assets (net of accumulated depreciation). Prior to March 31, 2004, capital assets and related depreciation had not been reported in the governmental funds. The Village-wide *statement of net assets* includes capital assets as part of its asset balance just like a private-sector business would (e.g., the Water fund). The Water fund business-type activity has always included its capital assets in its statement of net assets.

In order to report capital assets on the statement of net assets for governmental activities, it was necessary to compile information on capital assets acquired by the Village as far back as twenty years ago. Depreciation rules were applied using the straight-line method and useful lives appropriate for the asset to determine the net book values of assets still held by the Village. This investment is comprised of capital assets included in the categories listed in the following summary:

Summary of The Village's Capital Assets – Net of Depreciation

	Governmental Activities	Business-type Activities	Total
Land	\$ 51,064	\$ 2,650	\$ 53,714
Buildings	33,368	-	33,368
Furniture & Fixtures	2,848	-	2,848
Equipment (<i>Fully Depreciated</i>)	-	-	-
Capital Lease - Truck	60,790	-	60,790
Streets and Bridge Infrastructure	72,251	-	72,251
Water Department Assets	-	563,559	563,559
	<u>\$ 220,321</u>	<u>\$ 566,209</u>	<u>\$ 786,530</u>

Additional information on the Village's capital assets can be found in Note 5 on page 28 of this report.

Major capital asset events during the current fiscal year included the following:

- Elm Street work came to \$19,598. General Fund paid 50% and Local Highway paid 50%. This was a 3% increase in capital assets net of depreciation during the fiscal year.
- All capital assets with net book values held by the Village were included in the Village-wide *statement of net assets* per GASB 34.

VILLAGE OF MILLERSBURG

Management Discussion and Analysis

Long-term Debt

At the end of the current fiscal year, the Village's governmental activities had total long-term debt of \$48,931 consisting of a capital lease for a new truck.

The Village's business-type activity (Water Department) had total long-term debt of \$170,000 consisting of a revenue bond due to the Department of Agriculture for the Water system infrastructure and equipment.

Summary of The Village's Outstanding Debt

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities:			
Capital Lease Liability - Truck	\$ 48,931	\$ -	\$ 48,931
Business-type Activities:			
United States Dept of Agriculture			
Revenue Bond	-	170,000	170,000
	<u>\$ 48,931</u>	<u>\$ 170,000</u>	<u>\$ 218,931</u>

Additional information on the Village's long-term debt can be found in Note 8 on page 31 of this report.

Major long-term debt events during the current fiscal year included the following:

- \$11,850 in Capital Lease obligations, consisting of \$9,364 in principal and \$2,486 in interest, were paid during the fiscal year on the truck capitalized by the Village as a capital asset in its *statement of net assets* under governmental activities.
- The business-type activity (Water Department) paid \$6,000 in principal and \$9,083 in interest to the United States Department of Agriculture to reduce its obligation on the Revenue Bond.

VILLAGE OF MILLERSBURG

Management Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Village's financial forecast is optimistic heading into the 2006/2007 Village year.

- The Village plans to expand the youth program during the next fiscal year and has received grant money from Presque Isle Electric to help with expenses.
- The millage rate will remain the same for the next fiscal year.
- Water fees are expected to remain the same for the next fiscal year.
- It is expected that revenue sharing with the state will continue to decline under current economic conditions.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide its readers with a general overview of The Village's finances and to demonstrate The Village's accountability for the money it receives. If you have questions about this report or need additional information, contact The Village's office at:

Village of Millersburg
P.O. Box 135
5525 Main Street
Millersburg, Michigan 49759

Village Clerk
(989) 733-6337

VILLAGE OF MILLERSBURG**Statement of Net Assets
March 31, 2006**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Cash Equivalents (Note 3)	\$ 20,912	\$ 35,577	\$ 56,489
Restricted Cash and Cash Equivalents (Note 3)	44,814	20,767	65,581
Accounts Receivable (Note 4)	6,770	3,659	10,429
Due from Business Type Entity (Note 6)	8,760	-	8,760
Capital Assets - Net of Depreciation (Note 5)	220,321	566,209	786,530
Total Assets	301,577	626,212	927,789
Liabilities			
Accounts Payable (Note 6)	5,451	454	5,905
Accrued Liabilities (Note 6)	1,639	-	1,639
Due to Government Entity (Note 6)	-	8,760	8,760
Long-term Debt			
Due In one Year (Note 8)			
Capital Lease Liability	9,364	6,000	15,364
Due In More Than One Year (Note 8)			
Capital Lease Liability	39,567	164,000	203,567
Total Liabilities	56,021	179,213	235,234
Net Assets (Note 9)			
Investment in Capital Assets - Net of Related Debt	171,390	396,209	567,599
Restricted For:			
Streets and Highways	35,936	-	35,936
Tax Account	94	-	94
Designated Activities	799	-	799
Buisness-type Activities	-	20,767	20,767
Unrestricted	37,337	30,023	67,360
Total Net Assets	<u>\$ 245,557</u>	<u>\$ 446,999</u>	<u>\$ 692,556</u>

VILLAGE OF MILLERSBURG

Statement of Activities For the Year Ended March 31, 2006

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary Government:						
General Government	65,715	34,561	3,866	(27,288)	-	(27,288)
Public Works	69,089	-	36,990	(32,099)	-	(32,099)
Community Promotions	27,305	-	-	(27,305)	-	(27,305)
Interest on Long-term Debt	2,486	-	-	(2,486)		(2,486)
Total Governmental Activities	164,595	34,561	40,856	(89,178)	-	(89,178)
Business-type Activities - Water	58,600	37,857	-	-	(20,743)	(20,743)
Total Primary Government	<u>\$ 223,195</u>	<u>\$ 72,418</u>	<u>\$ 40,856</u>	(89,178)	(20,743)	(109,921)
General Revenues:						
Property Taxes				22,496	-	22,496
State-shared Revenues				18,921	-	18,921
Investment Earnings - Interest				628	550	1,178
Other				5,828	-	5,828
Total General Revenues				47,873	550	48,423
Change in Net Assets				(41,305)	(20,193)	(61,498)
Net Assets - Beginning of the Year				286,861	467,192	754,053
Net Assets - End of the Year				<u>\$ 245,557</u>	<u>\$ 446,999</u>	<u>\$ 692,556</u>

VILLAGE OF MILLERSBURG

Governmental Funds Balance Sheet March 31, 2006

		Special Revenue Funds		Totals
	General Fund	Major Streets	Local Streets	Governmental Funds
Assets				
Assets				
Cash and Cash Equivalents (Note 3)	\$ 20,912	\$ -	\$ -	\$ 20,912
Restricted Cash and Cash Equivalents (Note 3)	894	5,910	38,010	44,814
Accounts Receivable (Note 4)	6,770	-	-	6,770
Due From Other Funds (Note 6)	15,488	-	-	15,488
Total Assets	<u>\$ 44,064</u>	<u>\$ 5,910</u>	<u>\$ 38,010</u>	<u>\$ 87,984</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable (Note 6)	\$ 4,195	\$ 720	\$ 535	\$ 5,451
Accrued Liabilities (Note 6)	1,639	-	-	1,639
Due To Other Funds (Note 6)	-	4,690	2,038	6,728
Total Liabilities	<u>5,834</u>	<u>5,410</u>	<u>2,573</u>	<u>13,818</u>
Fund Balances (Note 9)				
Reserved for:				
Streets and Highways		500	35,436	35,936
Tax Account	94	-	-	94
Designated Activities	799			799
Unreserved for:				-
General Fund	<u>37,337</u>	<u>-</u>	<u>-</u>	<u>37,337</u>
Total Fund Balances	<u>38,230</u>	<u>500</u>	<u>35,436</u>	<u>74,167</u>
Total Liabilities and Fund Balances	<u>\$ 44,064</u>	<u>\$ 5,910</u>	<u>\$ 38,010</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	220,321
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(48,931)
Net Assets - Governmental Activities	<u>\$ 245,557</u>

VILLAGE OF MILLERSBURG

**Governmental Funds
Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended March 31, 2006**

		Special Revenue Funds		Total Governmental Funds
	General Fund	Major Streets	Local Streets	
Revenues				
Property Tax Revenues	\$ 22,496	\$ -	\$ -	\$ 22,496
State of Michigan - Revenue Sharing	18,921	-	-	18,921
Michigan Transportation Fund	-	25,217	11,773	36,990
Interest	333	99	195	628
Equipment rental	9,109	-	-	9,109
Grant to Community Youth	2,000	-	-	2,000
Contributions to Community Youth	1,866	-	-	1,866
Cost recovery	25,452	-	-	25,452
Other Income	5,828	-	-	5,828
Total Revenues:	86,005	25,317	11,968	123,290
Expenditures				
General Government	62,419	-	-	62,419
Public Works	8,120	29,381	13,711	51,212
Community Promotions	27,305	-	-	27,305
Capital Outlay	9,799	-	9,799	19,598
Debt Payments	11,850	-	-	11,850
Total Expenditures:	119,493	29,381	23,510	172,384
Excess of Revenue Over Expenditures	(33,488)	(4,064)	(11,542)	(49,094)
Other Financing Sources (Uses)				
Transfers - out	-	(6,402)	(1,000)	(7,402)
Transfers - in	3,500	-	3,902	7,402
Total Other Financing Sources (Uses):	3,500	(6,402)	2,902	-
Net Changes in Fund Balances	(29,988)	(10,466)	(8,640)	(49,094)
Fund Balances - Beginning of the Year	68,218	10,966	44,077	123,261
Fund Balances - End of the Year	\$ 38,230	\$ 500	\$ 35,436	\$ 74,167

VILLAGE OF MILLERSBURG

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended March 31, 2006

Net Changes in Fund Balances - Total Governmental Funds **\$ (49,094)**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their useful lives as depreciation.

Capital Outlay	\$ 19,598	
Depreciation	<u>(21,172)</u>	
		(1,575)

Payments for Capital Lease principal is an expenditure in the governmental funds, but are not in the statement of activities (where it reduces long-term debt)

Debt Payments	\$ 11,850	
Interest in Payments	<u>(2,486)</u>	
		9,364

Change in Net Assets of Governmental Activities **\$ (41,305)**

VILLAGE OF MILLERSBURG

Proprietary Fund Statement of Net Assets March 31, 2006

	<u>Water Fund</u>
Assets	
Current Assets	
Cash and Cash Equivalents (Note 3)	\$ 35,577
Restricted Cash and Cash Equivalents (Note 3)	20,767
Accounts Receivable (Note 4)	<u>3,659</u>
Total Current Assets	60,003
Noncurrent Assets - Capital Assets Net of Depreciation	<u>566,209</u>
Total Assets	626,212
Liabilities	
Current Liabilities	
Accounts Payable (Note 6)	454
Due to Other Funds (Note 6)	8,760
Current Portion of Long-term Debt (Note 8)	<u>6,000</u>
Total Current Liabilities	15,213
Noncurrent Liabilities	
Long-term Debt - Net of Current Portion (Note 8)	<u>164,000</u>
Total Noncurrent Liabilities	<u>164,000</u>
Total Liabilities	<u>179,213</u>
Net Assets (Note 9)	
Investment in Capital Assets - Net of Related Debt	396,209
Restricted	20,767
Unrestricted	<u>30,023</u>
Total Net Assets	<u><u>\$ 446,999</u></u>

VILLAGE OF MILLERSBURG

**Proprietary Fund
Statement of Statement of Revenues, Expenses and
Changes in Net Assets
For the Year Ended March 31, 2006**

	<u>Water Fund</u>
Operating Income	
Water Fees	\$ 28,435
Hydrant and Other Rent Fees	<u>9,422</u>
Total Operating Income	37,857
Operating Expenses	
Dues and Subscriptions	122
Operation Wages	3,696
Vehicle Expense	500
Supplies	2,618
Utilities	2,445
Internet Fees	192
Equipment Rental	156
Depreciation	20,776
Water Testing	851
Contracted Services	578
Postage and Delivery	517
Equipment Repairs	2,480
Telephone	509
Administrative Cost	5,877
Space Cost	7,403
Fringe Cost	799
Miscellaneous	<u>-</u>
Total Operating Expenses	<u>49,517</u>
Operating Income (Loss)	(11,660)
Nonoperating Revenue (Expense)	
Investment Income	550
Interest Expense	<u>(9,083)</u>
Total Nonoperating Revenue (Expense)	(8,533)
Income (Loss) Before Other Financing Sources (Uses)	(20,193)
Other Financing Sources (Uses)	-
Change in Net Assets	(20,193)
Net Assets - Beginning of the Year	<u>467,192</u>
Net Assets - End of the Year	<u>\$ 446,999</u>

VILLAGE OF MILLERSBURG

**Proprietary Fund
Statement of Cash Flows
For the Year Ended March 31, 2006**

	<u>Water Fund</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 36,434
Payments to vendors	(10,966)
Payments to employees	(3,696)
Payments to other Funds	<u>(14,079)</u>
Net Cash Provided by (Used in) Operating Activities	<u>7,693</u>
Cash Flows from Capital and Related Financing Activities	
Principal on Debt	(6,000)
Interest on Debt	<u>(9,083)</u>
Net Cash (Used in) Capital and Related Financing Activities	<u>(15,083)</u>
Cash Flows from Investing Activities	
Interest Received	<u>550</u>
Net Cash Provided by Investing Activities	<u>550</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,840)
Cash and Cash Equivalents - Beginning of the Year	<u>63,184</u>
Cash and Cash Equivalents - End of the Year	<u>\$ 56,344</u>
 Statement of Net Assets Classification of Cash and Cash Equivalents	
Cash and Cash Equivalents	\$ 35,577
Restricted Cash and Cash Equivalents	<u>20,767</u>
Total Cash and Cash Equivalents	<u>\$ 56,344</u>

**Reconciliation of Operating Income (Loss) to Net Cash
From Operating Activities**

Operating Income	\$ (11,660)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:	
Depreciation	20,776
Changes in Assets and Liabilities	
Accounts Receivable	(1,436)
Due to Other Funds	121
Accounts Payable	<u>(108)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 7,693</u>

VILLAGE OF MILLERSBURG

Notes to the Financial Statements March 31, 2006

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Millersburg, Michigan (the “Village”) conform to accounting principals generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Village:

Reporting Entity

The Village is located in Presque Isle County and was organized in 1901 and covers an area of approximately 1 square mile. The village operates under an elected Board comprised of a President, Treasurer, Clerk and six Trustees.

Government –wide and Fund Financial Statements

The government-wide (“Village-wide”) financial statements (i.e., the statement of net assets and statement of activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, normally supported by taxes and intergovernmental revenues, are reported separately from *business type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

VILLAGE OF MILLERSBURG

Notes to the Financial Statements March 31, 2006

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Village-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this period, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

General Fund - The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. General Fund activities are financed by revenue from property taxes, state-shared revenue, and other sources.

VILLAGE OF MILLERSBURG

Notes to the Financial Statements March 31, 2006

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Major Streets Special Revenue Fund - The Major Streets Fund accounts for the resources of state gas and weight tax revenues, provided by the Michigan Transportation Fund, that are restricted for use on major streets.

Local Streets Special Revenue Fund - The Local Streets Fund accounts for the resources of state gas and weight tax revenues, provided by the Michigan Transportation Fund, that are restricted for use on local streets.

Water Fund - The Water Fund accounts for the activities of the water department system. This fund is financed primarily by user charges.

The Water Fund is considered a proprietary fund. Proprietary funds distinguish operating revenue from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our single proprietary fund relates to charges to customers for water related services. The water department recognizes water usage fees, hydrant rentals and hook-up fees intended to recover current costs (e.g., labor, maintenance and supplies) as revenue. Operating expenses for our proprietary fund includes the cost of services, administrative cost, fringe cost, space cost, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Property Tax Revenue

The Village collects property taxes from its residents. Taxes are levied and become due and payable on July 1 of each year. The Village will collect these taxes until October at which time any unpaid tax bills are turned over to Presque Isle County Treasurer for final collections. On March 31 of each year, Presque Isle County determines the amount of levied taxes still due the Village since the previous October. At this time penalties and interest are assessed. The amount of uncollected taxes is disclosed as accounts receivable - delinquent taxes on the balance sheet at the year ending March 31, 2006. On March 31, 2006 the delinquent tax amount due from Presque Isle County was \$4,770 and should be received by the Village during the month of June, 2006.

Total taxable value for the Village is \$3.388 million with an operating millage rate of 6.5475 which generated total tax revenue for the fiscal year of \$22,496.

VILLAGE OF MILLERSBURG

Notes to the Financial Statements

March 31, 2006

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, Liabilities and Net Assets or Equity

Bank Deposits – The Village’s Cash and cash equivalents are considered to be cash on hand and are highly liquid. Cash and cash equivalents are comprised of checking accounts, savings accounts and certificates of deposit balances.

Cash Investments – When needed the Village investments only in certificates of deposit.

Restricted Assets – The Water Fund has two accounts that are restricted to facilitate paying the Long-term debt owed to the United States Department of Agriculture for water system capital assets. The general fund also has accounts which are restricted for property tax collections and other designated purposes for “Gertz Foundation” activities, “Random Acts of Kindness” activities, and “Community Youth Program” activities.

Receivables – There is a trade accounts receivable balance in the Water Fund for outstanding amounts due from customers for water fees, hydrant rental fees and hook-up fees. Pine Lumber Company owes the Village General Fund for Elm Street work. There also exists a property tax receivable for delinquent taxes that is paid to the Village by Presque Isle County during the month of June following the end of the fiscal year.

Activity between funds that are representative of amounts outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., administrative, space and fringe costs accrued on behalf of the fund by the general fund that are to be reimbursed to the general fund *or* amounts due to another fund that are required by law or regulation that has not yet been paid).

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

VILLAGE OF MILLERSBURG

Notes to the Financial Statements March 31, 2006

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Buildings, equipment, vehicles and infrastructure are depreciated using the straight-line method over the following useful lives:

Roads, Bridges and Sidewalks	20 years
Water Distribution System	40 years
Buildings and Building Improvements	40 years
Vehicles	5 to 7 years
Office Furnishings	5 to 7 years
Other Equipment	3 to 7 years

Long-term Obligations - In the government –wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

Prior to March 1st the Clerk submits to the Village Council a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted at the Village Hall to obtain taxpayer comments. Prior to the third week in March, the budget is legally enacted through passage of a resolution. All budget adjustments are approved by Village Board resolution.

VILLAGE OF MILLERSBURG

Notes to the Financial Statements March 31, 2006

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING - Continued

Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.

Budgets for the General, Special Revenue, and Capital Projects Funds (when the latter fund is required) are adopted on a modified accrual basis. Budgeted amounts are as originally adopted, or as amended by the Village Board.

The Village also established a budget for the Water Fund.

NOTE 3 - CASH AND CASH EQUIVALENTS

The Village considers all regular deposits and certificates of deposit as cash equivalents since they are highly liquid assets.

All cash deposits of the Village are at FDIC insured banking institutions in the name of the Village of Millersburg. Act 217, PA 1982 authorizes the Village to deposit and invest in the accounts of federally insured banks, insured credit unions and savings and loan associations; bonds and other direct obligations of the United States, or an agency of instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance legal for rating agencies within the three highest classifications maturing not more than 270 days after the date of purchase, and involving no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money.

The Village's deposits are in accordance with statutory authority. The Governmental Accounting Standard Board (GASB) Statement No.3 risk disclosures for the Village's cash deposits are as follows:

The following is a schedule that shows cash and cash equivalent risk disclosure in terms of insured and uninsured balances:

	Carrying Amount	Bank Amount	FDIC Insured Amount	Uninsured Amount
Cash and Cash Equivalents	March 31, 2006	March 31, 2006		
Citizens National Bank	\$ 65,722	\$ 73,947	\$ 73,947	\$ -
Huron National Bank	56,348	56,344	56,344	-
Total Cash	<u>\$ 122,070</u>	<u>\$ 130,291</u>	<u>\$ 130,291</u>	<u>\$ -</u>

VILLAGE OF MILLERSBURG

Notes to the Financial Statements March 31, 2006

NOTE 4 – RECEIVABLES

The Delinquent Property Taxes receivable account, which has a balance of \$4,770 as of March 31, 2006. This balance is paid to the Village during the month of June by Presque Isle County. The Village was still owed \$2,000 from Pine Lumber for Elm Street work. The Water Department had an accounts receivable balance of \$3,659 for water fees due from customers as of March 31, 2006.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended March 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not depreciated:				
depreciated:				
Land	\$ 51,064	\$ -	\$ -	\$ 51,064
Total capital assets, not being depreciated:	51,064	-	-	51,064
Capital assets being depreciated:				
Buildings	66,146	-	-	66,146
Furniture and Fixtures	8,432	-	-	8,432
Office Equipment	6,704	-	-	6,704
Capital Lease - Truck	88,040	-	-	88,040
Streets and Bridge Infrastructure	94,554	19,598	-	114,152
Total Assets Being Depreciated	263,876	19,598	-	283,474
Less accumulated depreciation for:				
Buildings	(31,124)	(1,654)	-	(32,778)
Furniture and Fixtures	(4,161)	(1,423)	-	(5,584)
Office Equipment	(6,485)	(219)	-	(6,704)
Capital Lease - Truck	(14,673)	(12,577)	-	(27,250)
Streets and Bridge Infrastructure	(36,602)	(5,299)	-	(41,901)
Total accumulated depreciation	(93,045)	(21,172)	-	(114,217)
Total capital assets, being depreciated, net	170,831	(1,574)	-	169,257
Governmental activities capital assets, net	\$ 221,895	\$ (1,574)	-	\$ 220,321

VILLAGE OF MILLERSBURG

Notes to the Financial Statements March 31, 2006

NOTE 5 – CAPITAL ASSETS – Continued

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets, not depreciated:				
depreciated:				
Land	\$ 2,650	\$ -	\$ -	\$ 2,650
Total capital assets, not being depreciated:	2,650	-	-	2,650
Capital assets being depreciated:				
Water Equipment	777,000	-	-	777,000
Water Utility System	9,195	-	-	9,195
Major Repairs	12,500	-	-	12,500
Total Assets Being Depreciated	798,695	-	-	798,695
Less accumulated depreciation for:				
Water Equipment	(205,000)	(20,447)	-	(225,447)
Water Utility System	(9,195)	-	-	(9,195)
Major Repairs	(165)	(329)	-	(494)
Total accumulated depreciation	(214,360)	(20,776)	-	(235,136)
Total capital assets, being depreciated, net	584,335	(20,776)	-	563,559
Business-type activities capital assets, net	\$ 586,985	\$ (20,776)	-	\$ 566,209

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	\$ 3,296
Public Works - Equipment and Infrastructure	17,876
Total depreciation expense - governmental activities	<u>\$ 21,172</u>

Business-type Activities:

Water system	\$ 20,776
Total depreciation expense - business-type activities	<u>\$ 20,776</u>

VILLAGE OF MILLERSBURG

Notes to the Financial Statements March 31, 2006

NOTE 6 – PAYABLES & ACCRUALS/ INTERFUND RECEIVABLES & PAYABLES / TRANSFERS

Accounts payable balances are for vendor balances that were due at March 31, 2006.

Accrued liabilities are payroll related liabilities that were due at March 31, 2006.

Detail of due from/to other fund balances at March 31, 2006, is as follows:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	\$ 15,488	Major Street	\$ 4,690
		Local Street	2,038
		Water Department	8,760
	<u>15,488</u>		<u>15,488</u>
Local Street	<u>2,403</u>	Major Street	<u>2,403</u>
	<u>\$ 17,891</u>		<u>\$ 17,891</u>

Detail of interfund transfers is as follows:

<u>Transfer Out</u>	<u>Amount</u>	<u>Transfer In</u>	<u>Amount</u>
Major Street	\$ 8,804	General Fund	\$ 3,500
Local Street	1,000	Local Street	6,304
Total Transfers Out	<u>\$ 9,804</u>	Total Transfers In	<u>\$ 9,804</u>

NOTE 7 - RETIREMENT PLAN

The Village initiated a money purchase plan effective as of 7/1/91. The trustee/agent is the Lappan Insurance Agency, Alpena, Michigan. Under the terms of the pension plan the Village will fund the plan at 14% of gross payroll. During the fiscal year ending March 31, 2006 the Village contributed a total of \$2,959 to the plan which represents \$2,834 for 14% of \$20,242 in gross wages for those who were eligible and a \$125 renewal charge for the plan. Summer help for the youth program were not included.

VILLAGE OF MILLERSBURG

Notes to the Financial Statements March 31, 2006

NOTE 8 - LONG-TERM DEBT

Long-term liability activity for the fiscal year ended March 31, 2006, was as follows:

	Beginning Balance	Additions	Payments	Ending Balance
Governmental Activities:				
Capital Lease Liability - Truck	\$ 58,295	\$ -	\$ 9,364	\$ 48,931
	<u>\$ 58,295</u>	<u>\$ -</u>	<u>\$ 9,364</u>	<u>\$ 48,931</u>
Business-type Activities:				
United States Dept of Agriculture	\$ 176,000	\$ -	\$ 6,000	\$ 170,000
Revenue Bond	<u>\$ 176,000</u>	<u>\$ -</u>	<u>\$ 6,000</u>	<u>\$ 170,000</u>

Capital Lease – Truck

The Village entered into a capital lease for a Sterling Dump Truck. The total lease price with fees came to \$88,040. The interest rate on the lease is 5.50% and the monthly payments are \$987. The lease will be complete after 84 payments in the fiscal year 2011. At the end of the lease, the Village will purchase the truck for one dollar. The following shows future scheduled minimum lease obligations until the lease is paid in full:

Fiscal Year Ending March 31	Payments	Interest Portion of Payments	Present Value Of Minimum Lease Payments
2007	\$ 11,849	\$ 2,485	\$ 9,364
2008	11,849	1,957	9,892
2009	11,849	1,399	10,450
2010	11,849	810	11,039
2011	8,885	199	8,186
Total	<u>\$ 56,281</u>	<u>\$ 6,850</u>	<u>\$ 48,931</u>

VILLAGE OF MILLERSBURG

Notes to the Financial Statements March 31, 2006

NOTE 8 - LONG-TERM DEBT - Continued

Water Department - Enterprise Fund

The long-term debt of the Village Water Department consists of a 40 year Revenue Bond issuance Water Supply System Revenue, 1993, in the amount of \$194,000 issued to the Rural Development - Farmers Home Administration, an agency of the United States Department of Agriculture. The interest rate of the bond is at 5.250% with estimated future maturities of:

<u>Fiscal Year Ending March 31</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 6,000	\$ 6,000
2008	6,000	6,000
2009	6,000	6,000
2010	6,000	6,000
2011	6,000	6,000
2012 to 2016	30,000	30,000
2017 to 2021	30,000	29,500
2022 to 2026	30,000	28,250
2027 to 2031	30,000	27,000
2032 to Maturity	20,000	19,900
Total	<u>\$ 170,000</u>	<u>\$ 164,650</u>

NOTE 9 - FUND BALANCES AND NET ASSETS

The following reserved fund balances are for capital assets net of depreciation and specific uses of donations made to the General Fund and corresponding cash amounts that are used exclusively by the General Fund and Special Revenue funds for designated purposes.

<u>Fund</u>	<u>Restricted Cash Balance</u>	<u>Reserved Fund Balance</u>
<u>General Fund:</u>		
Capital Assets Net of Depreciation	\$ -	\$ 171,390
Gertz Foundation	159	159
Current Tax Account	94	94
Random Acts of Kindness	211	211
Community Youth Program	430	430
General Fund - Total	<u>894</u>	<u>172,284</u>
<u>Special Revenue Funds:</u>		
Major Street	5,910	500
Local Street	38,010	35,436
Special Revenue Fund - Total	<u>43,920</u>	<u>35,936</u>
Totals	<u>44,814</u>	<u>208,220</u>

VILLAGE OF MILLERSBURG

Notes to the Financial Statements March 31, 2006

NOTE 9 - FUND BALANCES AND NET ASSETS - Continued

The following shows the reserved and unreserved net assets of the Water Department enterprise fund.

	<u>3/31/2006</u>
Investment in Capital Assets - Net of Related Debt	\$ 396,209
Restricted Net Assets - Cash Investments	20,767
Unrestricted Net Assets	<u>30,023</u>
Total retained earnings	<u>\$ 446,999</u>

NOTE 10 – GASB 34 REPORTING MODEL – MARCH 31, 2005 - REQUIRED IMPLEMENTATION

Starting with the FYE 3-31-05, the Village was required to adopt a new accounting model based on GASB 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. GASB 34 significantly changes financial reporting for governmental entities. Two new Village-Wide financial statements are required in the new model, designed to provide more useful information. Governmental fund accounting statements are still used, but the general fixed assets and the long-term debt account groups are no longer used. General fixed assets and long-term debt are incorporated into the two new Village-wide financial statements. Reconciliations are necessary to show the differences between the Village-Wide statements and the fund accounting statements.

GASB 34 also requires that a Management Discussion and Analysis (MD&A) section and a Required Supplementary Information (RSI) section be included in an audit or review report. The MD&A is meant to be an objective and easily readable analysis of the Village’s financial activities prepared by Village management. The RSI requires that budgetary information be included after the notes to the financial statements. These budgetary information schedules will show the original budget, the final budget, the actual activities for the fiscal year and the variances between final budget and actual activities.

Comparative numbers for the Village’s Net Assets and Changes in Net Assets are displayed in the MD&A for the first time this fiscal year.

VILLAGE OF MILLERSBURG

Notes to the Financial Statements March 31, 2006

NOTE 11 – RECONCILIATION OF VILLAGE-WIDE AND FUND FINANCIAL STATEMENTS

1) Explanation of certain differences between the governmental fund balance sheet and the Village-wide statement of net assets

The governmental fund balance sheet included a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the Village-wide statement of net assets. One element of the reconciliation explains that:

“long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.”

Another element of the reconciliation explains that:

“capital assets used in governmental activities are not financial resources and therefore are not reported in the funds”

The following is an explanation of the differences stated above:

Capital Lease Liability Element		\$ (48,931)
Capital Assets Element:		
Capital Assets acquired in prior years	\$ 314,940	
Capital assets acquired during the current year	19,598	
Less: Accumulated Depreciation	(114,217)	
Total		<u>220,321</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>		<u>\$ 171,390</u>
Total Fund Balance - Total Governmental Funds		\$ 74,167
Net Reconciling Adjustment		<u>171,390</u>
Total Net Assets - Governmental Activities		<u>\$ 245,557</u>

VILLAGE OF MILLERSBURG

Notes to the Financial Statements March 31, 2006

NOTE 11 – RECONCILIATION OF VILLAGE-WIDE AND FUND FINANCIAL STATEMENTS- Continued

2) Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the Village-wide statement of activities

The governmental fund statement of revenues, expenditures and changes in fund balances included a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets – governmental activities* as reported in the Village-wide statement of activities. One element of the reconciliation explains that:

“Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.”

Another element of the reconciliation explains that:

“Payments for capital lease obligations is an expenditure in the governmental funds, but are not in the statement of activities (where it reduces long-term debt).”

The following is an explanation of the differences stated above:

Capital Outlay Element:

Capital assets acquired during the current year	\$ 19,598	
Less: Accumulated Depreciation	(21,172)	
Total		<u>\$ (1,575)</u>

Capital Lease Principal Payments Element

Debt Payments	\$ 11,850	
Less: Interest in Payments	(2,486)	
Total		<u>9,364</u>

Net adjustment to decrease *net changes in fund balance - total governmental funds* to arrive at *changes in net assets of governmental activities*

\$ 7,789

Net Changes in Fund Balances - Total Governmental Funds

\$ (49,094)

Net Reconciling Adjustment

7,789

Changes in Net Assets of Governmental Activities

\$ (41,305)

**INDEPENDENT AUDITORS' REPORT OVER
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Village Council of
The Village of Millersburg
Millersburg, Michigan

We have audited the basic financial statements of the Village of Millersburg as of and for the year ended March 31, 2006, and have issued our report thereon dated June 30, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Millersburg's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

To the Village Council of
The Village of Millersburg
Page 2

Compliance

As part of obtaining reasonable assurance about whether the Village of Millersburg's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to the management of the Village of Millersburg in a separate letter dated June 30, 2006.

This report is intended for the information of the Council of the Village of Millersburg, its management, the State of Michigan and the United States Department of Agriculture. However, this report is a matter of public record and its distribution is not limited.

Midwest Professionals PLLC

Midwest Professionals, P.L.L.C.

June 30, 2006

Gaylord, Michigan

VILLAGE OF MILLERSBURG

Schedule of Auditor's Findings:

Prior Findings, March 31, 2004

None noted.

Current Findings for the Year Ending March 31, 2006

None noted.

VILLAGE OF MILLERSBURG
Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2006

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenues				
Property Tax Revenues	\$ 21,335	\$ 21,335	\$ 22,496	\$ 1,161
State of Michigan - Revenue Sharing	22,937	22,937	18,921	(4,016)
Interest	240	240	333	93
Equipment rental	3,500	3,500	9,109	5,609
Grant to Community Youth	-	-	2,000	2,000
Contributions to Community Youth	-	-	1,866	1,866
Cost recovery	13,000	13,000	25,452	12,452
Other Income	15,850	15,850	5,828	(10,022)
Total Revenues	76,862	76,862	86,005	9,143
Expenditures				
General Government				
Administrative Costs:				
Clerk & Deputy Salary	7,200	7,200	8,154	(954)
Treasurer & Deputy Salary	3,000	3,000	3,030	(30)
Office Supplies	1,000	1,000	1,270	(270)
IT	1,250	1,250	1,337	(87)
Audit	3,500	3,500	3,240	260
Legal	500	500	653	(153)
Postage	200	200	252	(52)
Civil Engineer	-	-	1,075	(1,075)
Memberships	350	350	330	20
Training & Mileage	200	200	123	77
Total Administrative Costs	17,200	17,200	19,464	(2,264)
Fringe Costs:				
Employee Medicare	650	650	450	200
Employee Pension	2,500	2,500	2,959	(459)
Workmans Compensation	600	600	577	23
Other	-	-	1,411	(1,411)
Total Fringe Costs	3,750	3,750	5,397	(1,647)
Space Costs:				
Water	309	309	376	(67)
Building & Grounds Salary	3,500	3,500	3,355	145
Building & Grounds Maintenance	2,500	2,500	6,614	(4,114)
Building & Grounds Insurance	7,200	7,200	6,652	548
Refuse Disposal	400	400	676	(276)
Supplies	150	150	144	6
Electricity	1,700	1,700	2,033	(333)
Telephone	1,500	1,500	1,424	76
Heat	1,000	1,000	3,245	(2,245)
Total Space Costs	18,259	18,259	24,519	(6,260)
Village Board:				
Council Meetings	3,300	3,300	3,579	(279)
Printing & Publishing	250	250	337	(87)
Hydrant Rentals	9,122	9,122	9,122	-
Total Village Board	12,672	12,672	13,038	(366)
Total General Government	51,881	51,881	62,418	(10,537)

The Notes to the Financial Statements are an Integral Part of this Statement.

VILLAGE OF MILLERSBURG
**Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2005**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures - Continued				
Public Works				-
Equipment:				-
Equipment Repair	500	500	606	(106)
Supplies	100	100	1,685	(1,585)
Fuel	1,000	1,000	1,297	(297)
Training	-	-	35	(35)
Repair Salary	100	100	80	20
Total Equipment	1,700	1,700	3,704	(2,004)
Street Lights	3,500	3,500	4,416	(916)
Total Public Works	5,200	5,200	8,120	(2,920)
Community Promotions				
Community Youth Program	4,050	4,050	4,139	(89)
Park & Recreation Maintenance	400	400	399	2
Promotional Expenses	3,200	3,200	6,033	(2,833)
Gertz Foundation Expense	-	-	16,735	(16,735)
Total Community Promotions	7,650	7,650	27,305	(19,655)
Capital Outlay				
Local Street Construction Match	2,282	2,282	9,799	(7,517)
Principal Payments on Capital Lease	9,364	9,364	9,364	-
Interest Payments on Capital Lease	2,486	2,486	2,486	-
Total Capital Outlay	14,132	14,132	21,649	(7,517)
Total Expenditures	78,863	78,863	119,493	(40,630)
Excess of Revenues Over Expenditures	(2,001)	(2,001)	(33,488)	(31,487)
Other Financing Sources (Uses)	3,500	3,500	3,500	-
Net Change in Fund Balance	1,499	1,499	(29,988)	(31,487)
Fund Balance - Beginning of the Year	68,218	68,218	68,218	-
Fund Balance - End of the Year	\$ 69,717	\$ 69,717	\$ 38,230	\$ (31,487)

VILLAGE OF MILLERSBURG**Required Supplemental Information
Budgetary Comparison Schedule
Major Streets
For the Year Ended March 31, 2006**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenues				
Michigan Transportation Fund	\$ 26,000	\$ 26,000	\$ 25,217	\$ (783)
Interest	100	100	99	(1)
Total Revenues	<u>26,100</u>	<u>26,100</u>	<u>25,317</u>	<u>(784)</u>
Expenditures				
Public Works				
Highway Maintenance Wage	2,360	2,360	2,723	(363)
Street Maintenance	6,965	6,965	9,763	(2,798)
Winter Maintenance Wage	125	125	-	125
Winter Snow Removal	2,000	2,000	5,140	(3,140)
Winter Supplies	700	700	93	608
Winter Equipment Rental	3,000	3,000	4,100	(1,100)
Administrative Costs	1,550	1,550	2,522	(972)
Space Costs	2,225	2,225	4,453	(2,228)
Fringe Costs	250	250	589	(339)
Total Public Works	19,175	19,175	29,381	(10,206)
Excess of Revenues Over	6,925	6,925	(4,065)	(10,990)
Other Financing (Uses)				
Transfer to General Fund	(2,500)	(2,500)	(2,500)	-
Transfer to Local Streets	(4,425)	(4,425)	(3,902)	524
Total Other Financing (Uses)	<u>(6,925)</u>	<u>(6,925)</u>	<u>(6,402)</u>	<u>524</u>
Net Change in Fund Balance	-	-	(10,466)	(10,466)
Fund Balance - Beginning of the Year	10,966	10,966	10,966	-
Fund Balance - End of the Year	<u>\$ 10,966</u>	<u>\$ 10,966</u>	<u>\$ 500</u>	<u>\$ (10,466)</u>

VILLAGE OF MILLERSBURG**Required Supplemental Information
Budgetary Comparison Schedule
Local Streets
For the Year Ended March 31, 2006**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenues				
Michigan Transportation Fund	\$ 11,000	\$ 11,000	\$ 11,773	\$ 773
Interest	150	150	195	45
Total Revenues	<u>11,150</u>	<u>11,150</u>	<u>11,968</u>	<u>818</u>
Expenditures				
Public Works				
Highway Maintenance Wage	1,070	1,070	1,503	(433)
Street Maintenance	2,025	2,025	1,392	634
Equipment Rental	1,525	1,525	1,519	7
Winter Maintenance Wage	100	100	-	100
Winter Snow Removal	600	600	1,655	(1,055)
Winter Supplies	300	300	-	300
Winter Equipment Rental	4,000	4,000	3,834	166
Administrative Costs	800	800	1,177	(377)
Space Costs	950	950	2,308	(1,358)
Fringe Costs	200	200	325	(125)
Total Public Works	<u>11,570</u>	<u>11,570</u>	<u>13,711</u>	<u>(2,141)</u>
Capital Outlay	<u>7,380</u>	<u>7,380</u>	<u>9,799</u>	<u>(2,419)</u>
Total Expenditures	<u>18,950</u>	<u>18,950</u>	<u>23,510</u>	<u>(4,560)</u>
Excess of Revenues Over	<u>(7,800)</u>	<u>(7,800)</u>	<u>(11,542)</u>	<u>(3,742)</u>
Other Financing (Uses)				
Transfer from Other Funds	8,807	8,807	3,902	(4,905)
Transfer Out to General	(1,000)	(1,000)	(1,000)	-
Total Other Financing (Uses)	<u>7,807</u>	<u>7,807</u>	<u>2,902</u>	<u>(4,905)</u>
Net Change in Fund Balance	<u>7</u>	<u>7</u>	<u>(8,640)</u>	<u>(8,647)</u>
Fund Balance - Beginning of the Year	<u>44,077</u>	<u>44,077</u>	<u>44,077</u>	<u>-</u>
Fund Balance - End of the Year	<u><u>\$ 44,084</u></u>	<u><u>\$ 44,084</u></u>	<u><u>\$ 35,436</u></u>	<u><u>\$ (8,647)</u></u>

VILLAGE OF MILLERSBURG**Required Supplemental Information
Budgetary Comparison Schedule
Water Fund
For the Year Ended March 31, 2006**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenues				
Water Fees	34,345	\$ 34,345	\$ 37,857	\$ 3,512
Total Revenues	<u>34,345</u>	<u>34,345</u>	<u>37,857</u>	<u>3,512</u>
Expenses				
Operating Expenses				
Operating Expenses	26,810	26,810	23,742	3,068
Administrative Costs	3,500	3,500	5,880	(2,380)
Space Costs	3,500	3,500	7,403	(3,903)
Fringe Costs	635	635	799	(164)
Total Operating Expenses	<u>34,445</u>	<u>34,445</u>	<u>37,824</u>	<u>(3,379)</u>
Operating Income	(100)	(100)	33	133
Nonoperating Revenue - Interest Income	<u>100</u>	<u>100</u>	<u>550</u>	<u>450</u>
Change in Net Assets Prior to Depreciation	-	-	583	583
* Non-cash Depreciation Expense	-	-	(20,776)	(20,776)
Change in Net Assets After Depreciation	<u>-</u>	<u>-</u>	<u>(20,193)</u>	<u>(20,193)</u>
Net Assets - Beginning of the Year	<u>467,192</u>	<u>481,792</u>	<u>467,192</u>	<u>467,192</u>
Net Assets - End of the Year	<u><u>\$ 467,192</u></u>	<u><u>\$ 481,792</u></u>	<u><u>\$ 446,999</u></u>	<u><u>\$ 446,999</u></u>

* Depreciation was not considered in the cash basis budget, but is included in this statement to facilitate reconciling the "Actual" column to the Statement of Revenues, Expenses and Changes in Net Assets for the Water Fund.

June 30, 2006

To the Village Council of
The Village of Millersburg
Millersburg, Michigan

MANAGEMENT LETTER

In planning and performing our audit of the financial statements of the Village of Millersburg for the year ended March 31, 2006, we considered the Village of Millersburg's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the Village of Millersburg's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

PRIOR CONDITIONS, RECOMMENDATIONS AND STATUS:

Prior Condition & Recommendation

Periodic review and amendments of budgets have not been done to keep a better handle on expenditures. It was recommended that budgets should be reviewed by council and management at least quarterly to provide an opportunity to monitor and amend the budgets as needed. The council and management need to be conservative when planning and amending budgets to experience positive results for the Village. It is recommended that expected revenues be scrutinized more closely to consider economic conditions the state and the surrounding area are dealing with. It is likely that revenue sharing revenues will continue to decrease and expenses will continue to increase. This means that budgeting is crucial to the survival of the Village. It must be reviewed often and amended appropriately.

Current Status

The council needs to be more aggressive while reviewing and amending budgets to adjust for changing revenue and expenditure conditions. Although all funds maintain positive fund balances, all required budgets showed unfavorable over budget variances.

To the Village Council of
The Village of Millersburg
Page 2

CURRENT CONDITIONS & RECOMMENDATIONS:

Documentation of Expenditures

Condition

Check disbursements do not always have invoices or other support attached to substantiate the expenditure.

Recommendation

The filing of invoices to go with check disbursements must be improved to insure that proper documentation supports all expenditures.

Water Receivables

Condition

The reports from the water billing software and the accounts receivable control account are not being reconciled monthly to insure that water clients' proper balances are accurate.

Recommendation

Reconcile the water billing software's record of invoices and payments to the accounts receivable records in Quickbooks every month to clear up any discrepancies or problems with balances owed by water users.

This report is intended solely for the information and use of the Village Council, management the State of Michigan, and the United States Department of Agriculture and should not be used by anyone other than those specified parties.

Sincerely,

Midwest Professionals, PLLC

Midwest Professionals, PLLC
Gaylord, MI